

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

In re: THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO, as representative of THE COMMONWEALTH OF PUERTO RICO <u>et al.</u> , Debtors. ¹	PROMESA Title III Case No. 17 BK 3283-LTS (Jointly Administered)
In re: THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO, as representative of PUERTO RICO ELECTRIC POWER AUTHORITY, Debtor.	PROMESA Title III Case No. 17 BK 4780-LTS

ORDER GRANTING THE URGENT MOTION OF THE FINANCIAL OVERSIGHT
AND MANAGEMENT BOARD AND THE NOTICE AND REQUEST OF THE MEDIATION TEAM

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283-LTS) (Last Four Digits of Federal Tax ID: 3481) (the “Commonwealth”); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17-BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (“PBA”) (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

Before the Court are the *Mediation Team's Notice and Request for Approval of Second Extension of Termination Date of Mediation* (Docket Entry No. 21329 in Case No. 17-3283 and Docket Entry No. 2860 in Case No. 17-4780) (the "Notice and Request"), filed by the Mediation Team, as well as the *Urgent Motion of Financial Oversight and Management Board for Order Extending Mediation Termination Date and Related Path Forward Deadline* (Docket Entry No. 21333 in Case No. 17-3283 and Docket Entry No. 2862 in Case No. 17-4780) (the "Urgent Motion"), filed by the Oversight Board on behalf of PREPA.²

Through the Notice and Request, the Mediation Team requests a second extension of the Termination Date³ to August 1, 2022, at 11:59 p.m. (Atlantic Standard Time). (Notice and Request at 2.) Through the Urgent Motion, the Oversight Board requests extensions of both the Termination Date and the Path Forward Deadline⁴ through August 1, 2022. (Urgent Mot. ¶ 8.)

The Court has also received and reviewed the *Limited Omnibus Objection of Official Committee of Unsecured Creditors to (A) Urgent Motion of Financial Oversight and Management Board for Order Extending Mediation Termination Date and Related Path Forward Deadline and (B) Mediation Team's Notice and Request for Approval of Second Extension of Termination Date of Mediation* (Docket Entry No. 21358 in Case No. 17-3283; Docket Entry No. 2867 in Case No. 17-4780) (the "Committee Objection") filed by the Official Committee of Unsecured Creditors, as well as the *Joint Limited Objection to: (A) Urgent Motion*

² Capitalized terms not otherwise defined herein shall have the meanings given to them in the Urgent Motion, the Notice and Request, and the Objections, as defined below.

³ The deadline for the mediation process.

⁴ The deadline for the Oversight Board to file either (a) a plan of adjustment, (b) a term sheet for a plan of adjustment, (c) a litigation schedule, or (d) a declaration and memorandum of law showing cause why the Court should not consider dismissal of PREPA's Title III case.

of Financial Oversight and Management Board for Order Extending Mediation Termination Date and Related Path Forward Deadline and (B) Mediation Team's Notice and Request for Approval of Second Extension of Termination Date of Mediation (Docket Entry No. 21357 in Case No. 17-3283; Docket Entry No. 2866 in Case No. 17-4780) (the "UTIER/SREAEE Objection," and together with the Committee Objection, the "Objections") filed by Unión de Trabajadores de la Industria Eléctrica y Riego, Inc. ("UTIER") and Sistema de Retiro de Empleados de la Autoridad de Energía Eléctrica ("SREAEE").

Both Objections support extension of the Termination Date and the Path Forward Deadline under certain conditions, namely, the scheduling and commencement of litigation to resolve what are described as significant "threshold issues." (E.g., Comm. Obj. ¶ 3; UTIER/SREAEE Obj. ¶ 9.)

The Court has considered carefully the Objections, as well as the PREPA Bondholders' (as defined below) response to the Committee Objection and in support of the Urgent Motion,⁵ and the Oversight Board's reply in support of the Urgent Motion.⁶ The Court is persuaded by the Mediation Team's extension request that there is still productive work to be

⁵ *The PREPA Bondholders' Response to Limited Omnibus Objection of Official Committee of Unsecured Creditors to (A) Urgent Motion of Financial Oversight and Management Board for Order Extending Mediation Termination Date and Related Path Forward Deadline and (B) Mediation Team's Notice and Request for Approval of Second Extension of Termination Date of Mediation* filed by the Ad Hoc Group of PREPA Bondholders (the "Ad Hoc Group"), Assured Guaranty Corp. and Assured Guaranty Municipal Corp. ("Assured"), National Public Finance Guarantee Corporation ("National"), and Syncora Guarantee Inc. ("Syncora," and together with Assured, National, and the Ad Hoc Group, the "PREPA Bondholders"). (Docket Entry No. 21358 in Case No. 17-3283; Docket Entry No. 2867 in Case No. 17-4780.)

⁶ *Omnibus Reply of Financial Oversight and Management Board in Support of Motion to Extend Mediation Termination Date and Related Path Forward Deadline.* (Docket Entry No. 21362 in Case No. 17-3283; Docket Entry No. 2869 in Case No. 17-4780 (the "Reply").)

done in the mediation context over the next month, and has concluded that the commencement of litigation (even litigation regarding litigation priorities) in that timeframe would impair the opportunity for progress in the negotiation. Further, the Court expects that the Oversight Board will fulfill its representation that it is “committed to negotiating with all of its most important stakeholders,” and that it will continue to engage in discussions with, inter alia, the Committee, UTIER, and SREAEE “in coordination with the Mediation Team.” (Reply ¶ 3.) As such, the Objections are overruled.

Accordingly, the Court having found the Oversight Board and Mediation Team provided adequate and appropriate notice of the Urgent Motion and the Notice and Request, respectively, under the circumstances and that no other or further notice is required; and upon the record herein, after due deliberation thereon, the Court having found good and sufficient cause exists for granting the relief set forth herein; it is hereby ORDERED that:

1. The relief sought by the Urgent Motion and the Notice and Request is GRANTED as set forth herein.

2. The Court extends through **August 1, 2022**, the (i) Termination Date for mediation, and (ii) deadline for the Oversight Board to file either (a) a plan of adjustment, (b) a term sheet for a plan of adjustment, (c) a litigation schedule, or (d) a declaration and memorandum of law showing cause as to why the Court should not consider dismissal of PREPA’s Title III case, as set forth in the Court’s May 27 Order.

3. The Termination Date may be further extended only upon this Court’s approval after notice of such additional proposed extension to parties in interest; provided, however, the Termination Date may be extended by the Mediation Team for purposes of its involvement in any secondary or drafting items.

4. This Order shall take immediate effect and be enforceable upon its entry.
5. The Court shall retain jurisdiction to hear and determine all matters arising from implementation of this Order.
6. This Order resolves Docket Entry Nos. 21329 & 21333 in Case No. 17-3283 and Docket Entry Nos. 2860 & 2862 in Case No. 17-4780.

SO ORDERED.

Dated: June 29, 2022

/s/ Laura Taylor Swain
LAURA TAYLOR SWAIN
United States District Judge